

**REPORT OF THE AUDIT OF THE  
FORMER LESLIE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2005**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FORMER LESLIE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2005**

The Auditor of Public Accounts has completed the former Leslie County Sheriff's audit for the year ended December 31, 2005. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$1,445 from the prior year, resulting in excess fees of \$15,734 as of December 31, 2005. Revenues increased by \$97,675 from the prior year and expenditures increased by \$99,120.

#### **Debt Obligations:**

Total borrowed money debt principal as of December 31, 2005, was \$16,868. However, \$15,250 of this was paid on January 21, 2006 from the 2005 official fee account. Therefore, future collections of \$1,618 are needed over the next 6 months to pay all remaining debt principal.

The Sheriff's capital lease agreement totaled \$1,140 as of December 31, 2005.

#### **Report Comments:**

- |         |   |
|---------|---|
| 2005-01 | The Former Sheriff Should Have Distributed Fringe Benefit Reimbursements To The Fiscal Court In A Timely Manner |
| 2005-02 | The Former Sheriff Should Have Avoided Paying Interest Charges From His Official Fee Account                    |
| 2005-03 | The Former Sheriff Should Have Obtained A Salary Cap For Deputies' Salaries                                     |
| 2005-04 | The Former Sheriff Should Have Made Daily Deposits  |
| 2005-05 | The Former Sheriff Lacked Adequate Segregation Of Duties  |
| 2005-06 | The Former Sheriff Should Have Improved Internal Controls Over Fee Expenditures                                 |
| 2005-07 | The Former Sheriff Should Have Improved Internal Controls Over Payroll Records                                  |
| 2005-08 | The Former Sheriff Should Have Prepared An Accurate Quarterly Financial Statement                               |

#### **Deposits:**

The former Sheriff's deposits as of February 3, 2005, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$1,193,473



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jimmy Sizemore, Leslie County Judge/Executive  
Honorable John C. Morgan, Former Leslie County Sheriff  
Honorable Paul R. Howard, Leslie County Sheriff  
Members of the Leslie County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the former Sheriff of Leslie County, Kentucky, for the year ended December 31, 2005. This financial statement is the responsibility of the former Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the former Sheriff for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2007 on our consideration of the former Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Jimmy Sizemore, Leslie County Judge/Executive  
Honorable John C. Morgan, Leslie County Sheriff  
Honorable Paul R. Howard, Leslie County Sheriff  
Members of the Leslie County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2005-01 The Former Sheriff Should Have Distributed Fringe Benefit Reimbursements To The Fiscal Court In A Timely Manner
- 2005-02 The Former Sheriff Should Have Avoided Paying Interest Charges From His Official Fee Account
- 2005-03 The Former Sheriff Should Have Obtained A Salary Cap For Deputies' Salaries
- 2005-04 The Former Sheriff Should Have Made Daily Deposits
- 2005-05 The Former Sheriff Lacked Adequate Segregation Of Duties
- 2005-06 The Former Sheriff Should Have Improved Internal Controls Over Fee Expenditures
- 2005-07 The Former Sheriff Should Have Improved Internal Controls Over Payroll Records
- 2005-08 The Former Sheriff Should Have Prepared An Accurate Quarterly Financial Statement

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Leslie County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

June 21, 2007



LESLIE COUNTY  
JOHN C. MORGAN, FORMER SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

Federal Grants		\$	48,838
State - Kentucky Law Enforcement Foundation Program Fund			22,777
State Fees For Services:			
Finance and Administration Cabinet	\$	5,869	
Cabinet For Human Resources		7,609	
Highway Safety Reimbursement		<u>2,500</u>	15,978
Circuit Court Clerk:			
Fines and Fees Collected			1,609
Fiscal Court			31,390
County Clerk - Delinquent Taxes			2,212
Commission On Taxes Collected			228,006
Add-On Fees On Taxes Collected			24,035
Interest On Taxes Collected			640
Advertising Fees On Taxes Collected			2,983
Fees Collected For Services:			
Auto Inspections		1,530	
Accident and Police Reports		473	
Serving Papers		10,823	
Carrying Concealed Deadly Weapon Permits		<u>9,555</u>	22,381
Other:			
Lake Patrol		13,500	
Photos		480	
Insurance Claim		6,896	
Mental Patients		4,393	
Other		<u>444</u>	25,713
Interest Earned			156
Borrowed Money:			
Bank Loan			<u>75,000</u>
Total Revenues			<u>501,718</u>

The accompanying notes are an integral part of this financial statement.

LESLIE COUNTY  
 JOHN C. MORGAN, FORMER SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2005  
 (Continued)

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries \$ 246,258

KLEFPF Incentive 22,778

Employee Benefits-

HIDTA Fringe Benefit Reimbursement 7,766

KLEFPF Retirement Reimbursement 1,968

Materials and Supplies-

Office Materials and Supplies 8,264

Uniforms 2,556

Auto Expense-

Gasoline 99

Maintenance and Repairs 10,683

Other Expenses 3,748

Other Charges-

Conventions and Travel 1,218

Dues 1,600

Postage 4,560

Carrying Concealed Deadly Weapon Permits 6,975

Miscellaneous 324

Drug Testing 216

Bank Service Charges 36

Computer Services 534

Training Expenses 1,620

Employee Reimbursement 68

Capital Outlay-

Vehicles 18,000 \$ 339,271

Debt Service:

Copier Lease 1,267

Bank Loan Principal Payments 75,000

Bank Loan Interest Payments 659

Vehicle Loan Principal Payments 3,118

Vehicle Loan Interest Payments 258 80,302

Total Expenditures

419,573

Less: Disallowed Expenditures

Interest on Bank Loan (659)

Total Allowable Expenditures

418,914

The accompanying notes are an integral part of this financial statement.

LESLIE COUNTY  
JOHN C. MORGAN, FORMER SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2005  
(Continued)

Net Revenues	\$ 82,804
Less: Statutory Maximum	<u>65,474</u>
Excess Fees	17,330
Less: Training Incentive Benefit	<u>1,596</u>
Excess Fees Due County for 2005*	<u>\$ 15,734</u>

\*Note - The former Sheriff presented a check to the County Treasurer for \$12,298 on September 29, 2006.

LESLIE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2005

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

LESLIE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2005  
 (Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The former Sheriff did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of February 3, 2005, \$1,193,473 of deposits was exposed to custodial risk as follows:

- Uncollateralized and Uninsured                      \$1,193,473

LESLIE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2005  
(Continued)

Note 4. Loans Payable

A. Vehicle

The office of the Sheriff was committed to a loan agreement with Peoples Bank and Trust Company for a vehicle. The loan agreement requires a monthly payment of \$276 for 36 months to be completed on June 6, 2006. Total remaining balance of the loan agreement was \$1,618 as of December 31, 2005.

B. Operating Loan

The office of the Sheriff was committed to a loan agreement with Hyden Citizens Bank for borrowed money for operating expenditures. The loan agreement requires principal and interest to be paid by May 31, 2006. The total remaining balance of the loan agreement was \$15,250 as of December 31, 2005. However, the remaining balance was paid in full on January 21, 2006 from the 2005 official fee account.

Note 5. Lease

The Sheriff's office was committed to the following lease agreement with Great America Leasing Corporation for a copier. The agreement requires a monthly payment of \$95 for thirty-six months to be completed on December 29, 2006. The total remaining balance of the agreement was \$1,140 December 31, 2005.

Note 6. Drug Enforcement Account – Purdue Pharma Grant

The former Leslie County Sheriff's office applied for and was awarded a grant of \$10,000 from Purdue Pharma during 2004. At the beginning of 2005, there was an unexpended grant balance of \$3,729. During 2005, grant expenditures of \$3,740 were made for the intended purpose, and the former Sheriff's office was in substantial compliance with the reporting requirements of the grant agreement. The former Sheriff earned interest of \$11 on this account, which resulted in the grant being closed out with a \$0 balance.

Note 7. Forfeiture Account

During 2005, the former Sheriff opened and deposited \$3,836 in the Forfeiture Account. These funds were released to the former Sheriff by court order, for the use and benefit of the Sheriff's office. The former Sheriff expended \$2,648 of these funds, leaving a balance of \$1,188, as of December 31, 2005.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Jimmy Sizemore, Leslie County Judge/Executive  
Honorable John C. Morgan, Former Leslie County Sheriff  
Honorable Paul R. Howard, Leslie County Sheriff  
Members of the Leslie County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the former Leslie County Sheriff for the year ended December 31, 2005, and have issued our report thereon dated June 21, 2007. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Leslie County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations as items: 2005-05, 2005-06, 2005-07, and 2005-08.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Leslie County Sheriff's financial statement for the year ended December 31, 2005, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items: 2005-01, 2005-02, 2005-03, and 2005-04.

This report is intended solely for the information and use of management, the Leslie County Fiscal Court, and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, cursive script.

Crit Luallen  
Auditor of Public Accounts

June 21, 2007

## COMMENTS AND RECOMMENDATIONS



LESLIE COUNTY  
JOHN C. MORGAN, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2005

STATE LAWS AND REGULATIONS:

2005-01    The Former Sheriff Should Have Distributed Fringe Benefit Reimbursement To The Fiscal Court In A Timely Manner

The former Sheriff did not distribute fringe benefit reimbursements to the fiscal court in a timely manner. HIDTA grant receipts totaling \$7,766 and KLEFPF receipts totaling \$1,968 included reimbursement for fringe benefits paid by the employer. The Sheriff's office did not pay the fringe benefit portion of payroll expenses; instead the Leslie County Fiscal Court paid these expenses on behalf of the former Leslie County Sheriff. Even though the former Sheriff distributed the reimbursement to the fiscal court when the auditors called it to his attention, such receipts are restricted and should have been expended for their intended purpose at the time reimbursement was received. Therefore, the former Sheriff should have distributed fringe benefit receipts to the fiscal court in a timely manner to ensure that disbursements were accounted for properly.

*Former Sheriff's Response: This payment will be made in a timely manner.*

2006-02    The Former Sheriff Should Have Avoided Paying Interest Charges From His Official Fee Account

The former Sheriff paid \$659 in interest on bank loans he obtained for the operating expenses of his office. Technical Audit Bulletin 93-001 Section (3) states,

Any of the following practices shall be subject to an audit comment relating to Ky Const. S 173; KRS 61.190 and 132.601(1); and Funk v. Milliken, 317 S.W.2d 499 (KY 1958):

- Penalties paid on late payments
- Interest incurred on a personal loan by a sheriff who chooses not to participate in the Sheriff's Advancement Programs

These expenditures are disallowed since the former Sheriff could provide no written documentation that he participated in the sheriff's advancement program. Therefore, the former Sheriff should reimburse the fee account \$659 from personal funds for the disallowed expenditures. The former Sheriff should have complied with Technical Audit Bulletin #93-001 Section 3 and avoided paying for interest charges from his official bank account.

*Former Sheriff's Response: This fee was unavoidable due to the inability of receiving a state advancement. We will comply.*

LESLIE COUNTY  
JOHN C. MORGAN, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2005  
(Continued)

STATE LAWS AND REGULATIONS: (CONTINUED)

2005-03    The Former Sheriff Should Have Obtained A Salary Cap For Deputies' Salaries

While the fiscal court approved a budget for the former Sheriff's office for 2005 on March 30, 2005, they did not fix the annual maximum salary allotment for the Sheriff's office in accordance with KRS 65.530(3). This statute requires the fiscal court to fix annually the maximum amount, including fringe benefits, which the Sheriff may expend for deputies and assistants, and allow the Sheriff to determine the number to be hired and individual compensation of each deputy and assistant. In the absence of a salary cap set by the fiscal court, we have used the salary budget line included in the Sheriff's operating budget set by the fiscal court to determine if the former Sheriff exceeded the salary limit set in his budget. Based on this comparison, the former Sheriff exceeded his budget by \$82,789. The former Sheriff should have obtained a salary cap for deputies from the fiscal court by using the "Annual Order Setting Maximum Amount For Deputies And Assistants" provided by the Kentucky Governor's Office For Local Development and he should have remained within the limitations of such order.

*Former Sheriff's Response: We will comply.*

2005-04    The Former Sheriff Should Have Made Daily Deposits

The former Sheriff did not deposit receipts daily. During our test of receipts, it came to our attention that some of the deposits were not made on a daily basis. The State Local Finance Officer, under the authority of KRS 68.210, has established minimum accounting requirements which include depositing receipts intact on a daily basis and reconciling receipts to a daily check out sheet. The former Sheriff should have deposited receipts daily as required by the State Local Finance Officer.

*Former Sheriff's Response: We will continue to make every effort to comply.*

INTERNAL CONTROL – MATERIAL WEAKNESSES:

2005-05    The Former Sheriff's Office Lacked Adequate Segregation Of Duties

The former Sheriff's office lacked an adequate of segregation of duties. Due to the entity's diversity of official operations, small size and budget restrictions, the official has limited options for establishing adequate segregation of duties. The following compensating controls could have been implemented to offset this internal control weakness.

- The former Sheriff should have periodically compared a daily bank deposit to the daily checkout sheet and then compared the daily checkout sheet to the receipts ledger. Any differences could have been reconciled. This could have been documented by initialing the bank deposit, daily deposit, and receipt ledger.
- The former Sheriff should have periodically compared the bank reconciliation to the balance in the checkbook. Any differences could have been reconciled. The Former Sheriff could have documented this by initialing the bank reconciliation and the balance in the checkbook.

LESLIE COUNTY  
JOHN C. MORGAN, FORMER SHERIFF  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2005  
(Continued)

INTERNAL CONTROL – MATERIAL WEAKNESSES: (CONTINUED)

2005-05    The Former Sheriff's Office Lacked Adequate Segregation Of Duties (Continued)

*Former Sheriff's Response: We will comply. These comments, although "general", do not seem fair, because they are "general comments". Are there so many official that "lack adequate segregation of duties" that everyone falls into this category?*

Auditor's Reply: Segregation of duties is an issue that many fee officials face due to staffing levels. We, along with the Government's Office for Local Development, are available to discuss with any local official specific compensating controls which can be implemented based on specific situations.

2005-06    The Former Sheriff Should Have Improved Internal Controls Over Fee Expenditures

The former Sheriff did not personally sign all checks written for fee account expenditures. While performing our test of expenditures, we noted instances in which the bookkeeper signed the former Sheriff's name. In order to adequately control checks issued from the fee account, the practice of allowing employees other than the Sheriff to sign his name on checks should have been discontinued.

*Former Sheriff's Response: We will comply.*

2005-07    The Former Sheriff Should Have Improved Internal Controls Over Payroll Records

The former Sheriff did not always maintain employee or employer signatures on payroll records. Our review of the former Sheriff's payroll revealed that payroll sheets were prepared. However, there were instances where both the former Sheriff and employee did not sign payroll sheets documenting approval and agreement of hours worked. In an effort to strengthen internal control over payroll records, the former Sheriff should have required each employee to sign the appropriate payroll record. In addition, the former Sheriff should have also approved and signed all payroll records before processing.

*Former Sheriff's Response: We will comply.*

2005-08    The Former Sheriff Should Have Prepared An Accurate Quarterly Financial Statement

The former Sheriff did not prepare an accurate quarterly financial statement. The financial statement did not add correctly. Consequently, the receipts and disbursements totals were incorrectly stated. The State Local Finance Officer, under the authority of KRS 68.210, requires the quarterly report to be cumulative and to reflect the status of each individual receipt and each individual disbursement category. Therefore, the former Sheriff should have implemented procedures to ensure his financial statements are mathematically accurate.

*Former Sheriff's Response: We will continue to comply.*

